"Changing Brands-Changing Image?" The Historical Analysis of Brand Management in Marks and Spencer

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Recently in Japan there has been a growing concern over the growth of retailer's own brands. The background to this is that prices of differing kinds of products have been soaring, due, in the main, to the rising costs of raw material prices. Simultaneously consumers have been trying to cut their own living expenses as much as possible. Some leading Japanese big retailers, such as Seven-Eleven and Aeon, have started aggressively to invest heavily in the development of their own brands. One of the notable features of this tendency is that these retailers are trying to make their own brands grow out of low priced and low-quality approach. Furthermore, they are struggling to establish their brands as reasonably priced and hi-quality ones, in other words, premier own brands. The development of own brands by Japanese retailers is likely to be reaching the most advanced and sophisticated stage of what Laaksonen and Reynolds (1994) called the "4th generation".

According to a recent Nikkei report, the ratio of own brand products to manufacture's brand merchandise in European retailers varies from 20% to 50%, while the percentage in Japanese retailers is around 10% -a considerable imbalance.(Nikkei Marketing Journal, June 6, 2008). Own brands are more common in Europe and Japanese retailers may be able to draw lessons from European retailers which have succeeded in building strong own brands. Among the European retailers, a representative of British retailer, Marks and Spencer (M&S) is identified as one of leading companies for own brand development (Yahagi 1999b).

The purpose of this study is to review the historical development of the brand strategy of M&S and extract some key factors of successful own brand. In conducting this analysis of M&S, much information is gathered from a variety of materials, such as recent books, academic papers, annual reports, company newsletters, newspapers, magazines as well as conducting some interviews with current and past staff. These materials were then reviewed and analyzed with a brand management perspective.

First, we will review the beginning era of the development of M&S' branding strategy. M&S registered their own brand name "St. Michael" in 1928 and started to develop own brand strategy in earnest as early as the 1930s. In 1956, after the second World War, all the products in stores were occupied with the St. Michael brand (M&S website). M&S demonstrated their powerful own brand power based on a value proposition with high quality St. Michael merchandise and reasonable price, which resonated with its customers. And it remained the most profitable retailer in Britain until Sainsbury's temporarily overtook their position in 1992 (Bevan 2005). This was regained in 1993 and remained in their hands until 1998. Whilst it is not strictly true to say it was the only brand on display in Marks and Spencer stores during this era-for example, Geest & Fyffe's bananas were major sellers under their own label throughout this time it is accurate to say there were no manufacturing brands consistently on display during this time. There were attempts to introduce range branding such as 'Junior Miss' to delimitate smaller size clothing-these were still branded as St Michael merchandise. M&S collaborated with their suppliers and gave advice, support in the planning of new products, installation of production machinery and the improvement in the quality of merchandise. M&S controls the price and quality of products keeping good and bilateral relationships with their suppliers. This connection could be seen in the following quotation: "M&S was Britain's biggest manufacturer without owning any factories and their suppliers were retailers with no shops" (Bevan 2007, p. 103). The first era of M&S will be characterized as the era of single brand, "St. Michael", from 1928 to 1999.

Secondly, a new era of M&S' brand strategy will be identified mentioning some drastic switchovers in M&S' brand strategy. After the company confronted its first serious crisis in 1998, M&S decided to quit using the ubiquitous, traditional brand name of St. Michael which had long been familiar to customers for long. Since then, M&S has aggressively promoted other internally developed brands such as Autograph, Blue Harbour, Limited Collection and Collezione as their sub-brand. In addition, the company employed the highly successful retailer and designer George Davies, to create an exclusive new brand, "Per Una", for M&S in 2001. Moreover, the company started pre-market testing by selling other manufactures' branded products both in stores and online in 2006-07.

M&S expanded this range and launched 140 of the UK's largest consumer brands, 53 health and beauty brands, 26 drinks brands and 350 lines of branded food and household essentials items in 19 stores from summer 2008. They represent 7% of the product range in those stores and include well known brands such as Sony, Apple, Coca-Cola, Budweiser and Heinz. M&S has finally broken with their tradition and plans to stock not only own branded goods but also manufacturers' branded goods in their stores (Annual Report 2008 and Planet Retail News, May 22, 23, 26, July 8, 2008). These new trend can be recognised as the era of multi brand from 2000 to present.

Through the comparative analysis of two eras, the single brand and the multi brand era, this study will argue that higher ability for product development, quality control of merchandise utilizing scientific technologies and the authority to decide prices are the essential factors for building the strong power of own brand merchandise. The study will conclude from the historical analysis of the M&S' own brand strategy that three factors, i.e., the control over quality, product development and the retail price should be extracted for the success of the retailer's own brand. If retailers stock standardised and widely-distributed manufactures' merchandise, they will inevitably fall into a tough price competitive environment, to a greater or lesser degree. If they hope to build premier own brands, retailers who consider developing their own brands will need to provide unique and special products which consumers are only able to obtain in their stores. In this sense, it is possible to predict that the shift from the era of single brand to the era of multi brand cannot succeed in terms of brand management. Marks and Spencer's policy in this area looks as if it will need some reassessment in order for it to sustain success.

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